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DRILLING TO COMMENCE ON FROME PROJECT

Geothermal Resources Limited (Geothermal Resources – ASX : GHT) advises that it **plans to commence the shallow geothermal gradient drilling on its Frome Project in early March.** Holes will be drilled to at least 500 metres depth for the purpose of taking temperature measurements of standing water at the bottom of each drillhole so that the temperature gradient can be estimated, which in turn will yield vital information concerning the likely geothermal energy potential of the predicted buried uranium rich granites in the region.

In order to expedite the drilling of these holes Havilah has offered Geothermal Resources the use of two drill rigs that it has on long term contract. Rather than drill a large diameter hole with a powerful percussion drilling rig as originally planned, it has now been decided to use the Havilah contracted drilling rigs to drill the holes in two stages. The first stage will use a percussion drill rig to drill and case a pre-collared hole to roughly 200 metres depth. The second stage will use a diamond drill rig to continue on from the bottom of this hole to at least 500 metres depth if possible. Initially three drillholes will be completed, with the remaining five holes planned for the first half of 2007 to be drilled as soon as possible thereafter.

Apart from being able to commence drilling almost immediately, there is the added advantage that the diamond drilling will produce rock cores, which can be used to undertake essential thermal conductivity measurements and hence determine the insulating properties of the blanketing sediments. There is also some possible cost savings in this drilling method, and if the formation is stable, it should be possible to re-enter the diamond drillholes at a later date and extend them for deeper temperature measurements.

This drilling is being supported by a \$2.4 million REDI (Renewable Energy Development Initiative) grant from the Federal Government, which will match the Company's funding until completion of at least one deep hole into the hot rock geothermal energy source.

Geothermal Resources is 63.6% owned by Havilah Resources, and holds extensive tenements over two prime hot rock geothermal projects in South Australia, namely the Frome project near Broken Hill and the Crower project in the South East. Both projects are well located with respect to existing power grids and end user consumers.

Dr K R Johnson
CHAIRMAN

The information in this report has been prepared by Dr Bob Johnson who is a member of the Australasian Institute of Mining and Metallurgy and Dr Chris Giles who is a member of The Australian Institute of Geoscientists. Drs Johnson and Giles are employed by the Company on consulting contracts. They have sufficient experience which is relevant to the style of mineralization and type of deposit under consideration to qualify as Competent Persons as defined in the JORC Code 2004. Drs Johnson and Giles consent to the release of the information compiled in this report in the form and context in which it appears

Enquiries should be directed to Dr Bob Johnson, Chairman, on (08) 8338 9292

